Hon. Mr. Aseltine: At the moment I cannot give that figure.

Hon. Mr. Macdonald: Perhaps the honourable gentleman can advise us before third reading.

Hon. Mr. Aseltine: I was explaining that the money to be made available will be used (1) to finance these pending applications; (2) for direct loans by Central Mortgage and Housing Corporation to (a) limited dividend companies for low rental housing—I explained in my remarks on Friday last what limited dividend companies are—(b) to primary producer companies for rental housing for employees; and (c) to individuals, mostly living in small centres, who have been unable to secure loans in the ordinary way. To recapitulate, this money is intended, first, to finance the pending applications; second, for direct loans; third, as residual loans available in all centres to builders or individuals who have been unsuccessful in obtaining loans from lending companies.

The answer to the question asked by the honourable senator from Inkerman (Hon. Mr. Hugessen) is, $12,500,000.

Hon. Mr. Hugessen: Thank you.

Hon. Mr. Aseltine: In answer to the question of the honourable Leader of the Opposition (Hon. Mr. Macdonald), size limits under the agency arrangement were, mostly, 1,050 square feet, with three bedrooms, whereas the insured loan, on the average, has been much larger. That is to say, the dwellings built under the insured loans are usually much larger, running to 1,500 square feet or more. The size of the typical home has been growing for some time, and the agency limit of today was the average of insured loans three years ago, and is therefore substantially above the typical size of 1947,—of which, I assume, the honourable Leader of the Opposition was speaking, and which was only 839 square feet.

Hon. Mr. Reid: What is meant by "the agency"?

Hon. Mr. Aseltine: I explained all that on Friday. Does the honourable senator want me to go back into that again?

Hon. Mr. Reid: No, I will look it up in *Hansard*.

Hon. Mr. Aseltine: Next, perhaps, I should refer to the interest rate. I thank the honourable senator from Ottawa West (Hon. Mr. Connolly) for referring to the report, which I received at the same time he did, but which I have not had much opportunity to peruse. The honourable senator from Ottawa West said that section 6 of the National Housing Act provides that the Governor in Council may prescribe the maximum rate of interest payable by a borrower, and that such rates shall not exceed the interest rate on long-term Government bonds by more than two per cent, in respect of loans for house building; but approved lenders have the right to apply a lower rate than the maximum, and on occasion have done so. As at the beginning of the month, the yield on a twenty-year theoretical Canada bond was 4 per cent, compared to 3.94 per cent a month earlier. If, therefore, a rate were being currently prescribed, the statute would permit the present maximum rate of 6 per cent to be raised to 6¼ per cent. Ten years ago it was 4½ per cent. Joint loans were made, with the Government contributing one-fourth and the lender three-fourths of the loan. But that is not being done any more. The reason the rate has not been lowered is that ordinarily on an investment such as a bond the interest rate is 4 per cent, and in some cases more; and I understand, from what took place in the other chamber and from what I have been told, that the Government fears that if the interest rate were reduced by any substantial figure the supply of mortgage funds would dry up.

Hon. Mr. Macdonald: Those are private mortgage funds?

Hon. Mr. Aseltine: Yes; and the Government does not want that to happen, because it wants to get out of this lending business as quickly as it can. It expects that the money we will vote under this bill will last for quite a long time.

Hon. Mr. Connolly (Ottawa West): It is expensive money.

Hon. Mr. Aseltine: I am sorry I cannot give any more information with respect to the interest question which has been asked of me.

Hon. Mr. Connolly (Ottawa West): Thank you.

Hon. Mr. Aseltine: Before I leave this point I should like to add that where loans are advanced from public funds the statute specifies that the terms and conditions, including interest, must be the same as for insured loans. I believe I already answered the question with regard to rental housing when I stated that loans for rental housing are fully available under this insured system we have been speaking about. Under the agency loan system, loans for rental housing had to be suspended in February because funds were running out. There was the insured system and the agency loan system, and the homes under the latter system have had to be suspended on account of the fact that funds were running out. That is why this money is needed.